

**PRINCIPAL FINANCIAL STATEMENTS
AND NOTES**

PRINCIPAL FINANCIAL STATEMENTS

Principal Financial Statements Included in this Report

The principal financial statements included in this report have been prepared in accordance with the requirements of the Chief Financial Officers Act of 1990 (PL. 101-576), the Government Management Reform Act of 1994 and the Office of Management and Budget's (OMB) Bulletin 97-01, "Form and Content of Agency Financial Statements," as amended. The responsibility for the integrity of the financial information included in these statements rests with management of the U.S. Department of Labor (DOL). The audit of DOL's principal financial statements was performed by the Office of Inspector General (OIG). The auditors' report issued by the Assistant Inspector General accompanies the principal statements.

The Department's principal financial statements for fiscal year (FY) 1999 consisted of the following:

- C The **Consolidated Balance Sheet**, which presents as of September 30, 1999 those resources owned or managed by DOL which are available to provide future economic benefits (assets); amounts owed by DOL that will require payments from those resources or future resources (liabilities) and residual amounts retained by DOL, comprising the difference (net position).
- C The **Consolidated Statement of Net Cost**, which presents the net cost of DOL operations for the year ended September 30, 1999. DOL's net cost of operations includes the gross costs incurred by DOL less any exchange revenue earned from DOL activities. Due to the complexity of DOL's operations, the classification of gross cost and exchange revenues by major program and suborganization is presented in Note 15 to the consolidated financial statements.
- C The **Consolidated Statement of Changes in Net Position**, which presents the change in DOL's net position resulting from the net cost of DOL operations, financing sources other than exchange revenues consumed by DOL operations, and the change in DOL's unexpended appropriations during FY 1999.
- C The **Consolidated Statement of Budgetary Resources**, which presents the budgetary resources available to DOL during FY 1999, the status of these resources at September 30, 1999 and the outlay of budgetary resources during FY 1999.
- C The **Consolidated Statement of Financing**, which reconciles the net cost of operations with the obligation of budgetary resources for the year ended September 30, 1999.
- C The **Consolidated Statement of Custodial Activity**, which presents for the year ended September 30, 1999, the sources and disposition of non-exchange revenues collected or accrued by DOL on behalf of other recipient entities.

Limitations on the Principal Financial Statements

The principal financial statements report the financial position and results of operations of DOL, pursuant to the requirements of U.S.C. 3515(b). The statements have been prepared from the books and records of DOL in accordance with OMB prescribed formats. The statements are different from the financial reports used to monitor and control budgetary resources, which are prepared from the same books and records. The statements should be read with the realization that they are for a component of the U.S. Government, a sovereign entity, and that liabilities reported in the financial statements cannot be liquidated without legislation providing resources to do so.

CONSOLIDATED BALANCE SHEET
As of September 30, 1999

	<u>(Thousands)</u>
ASSETS	
Intra-governmental	
Funds with U. S. Treasury (Notes 1-C and 2)	\$ 11,876,233
Investments (Notes 1-D and 3)	77,510,728
Accounts receivable, net of allowance (Notes 1-E and 4)	<u>4,736,406</u>
Total intra-governmental	94,123,367
 Accounts receivable, net of allowance (Notes 1-E and 4)	649,798
Advances (Notes 1-F and 5)	364,124
Property, plant and equipment, net of depreciation (Notes 1-G and 6)	<u>690,281</u>
 Total assets	 <u><u>\$ 95,827,570</u></u>
 LIABILITIES AND NET POSITION	
Intra-governmental liabilities	
Accounts payable	\$ 9,802
Advances from U.S. Treasury (Notes 1-J and 8)	6,258,557
Other liabilities (Note 11)	<u>183,986</u>
Total intra-governmental	6,452,345
 Accounts payable	343,980
Accrued leave (Note 1-K)	84,100
Accrued benefits (Notes 1-L and 9)	557,902
Future workers' compensation benefits (Notes 1-M and 10)	613,503
Other liabilities (Note 11)	<u>188,424</u>
 Total liabilities	 <u>8,240,254</u>
 Net position (Notes 1-Q and 13)	
Unexpended appropriations	12,214,312
Cumulative results of operations	<u>75,373,004</u>
 Total net position	 <u>87,587,316</u>
 Total liabilities and net position	 <u><u>\$ 95,827,570</u></u>

The accompanying notes are an integral part of these statements.

CONSOLIDATED STATEMENT OF NET COST
For the Year Ended September 30, 1999

	<u>(Thousands)</u>
NET COST OF OPERATIONS (Notes 1-R and 15)	
CROSSCUTTING PROGRAMS	
Income maintenance	
Intra-governmental	\$ 681,703
With the public	<u>26,435,420</u>
Total cost	27,117,123
Less earned revenue	<u>(2,383,990)</u>
Net program cost	<u>24,733,133</u>
Employment and training	
Intra-governmental	38,688
With the public	<u>6,271,643</u>
Total cost	6,310,331
Less earned revenue	<u>(758)</u>
Net program cost	<u>6,309,573</u>
Labor, employment and pension standards	
Intra-governmental	99,656
With the public	<u>336,678</u>
Total cost	436,334
Less earned revenue	<u>(854)</u>
Net program cost	<u>435,480</u>
Worker safety and health	
Intra-governmental	122,675
With the public	<u>515,342</u>
Total cost	638,017
Less earned revenue	<u>(2,580)</u>
Net program cost	<u>635,437</u>
OTHER PROGRAMS	
Statistics	
Intra-governmental	129,039
With the public	<u>287,551</u>
Total cost	416,590
Less earned revenue	<u>(14,734)</u>
Net program cost	<u>401,856</u>
Costs not assigned to programs	58,178
Less earned revenue not attributed to programs	<u>(18,777)</u>
Net cost not assigned to programs	<u>39,401</u>
Net cost of operations	<u>\$ 32,554,880</u>

The accompanying notes are an integral part of these statements.

CONSOLIDATED STATEMENT OF CHANGES IN NET POSITION
For the Year Ended September 30, 1999

	<u>(Thousands)</u>
CHANGE IN NET POSITION	
Net cost of operations	\$ 32,554,880
Net financing sources (Note 1-S)	
Non-exchange revenue (Note 16)	
Employer taxes	25,995,570
Investment interest	4,900,607
Assessments	139,411
Reimbursement of unemployment benefits	<u>961,498</u>
Total non-exchange revenue	31,997,086
Appropriations used	7,518,084
Imputed financing	78,793
Transfers (Note 17)	<u>12,461</u>
Total net financing sources	<u>39,606,424</u>
Net results of operations	7,051,544
Increase in unexpended appropriations	<u>1,928,294</u>
Change in net position	8,979,838
Net position, beginning of period	<u>78,607,478</u>
Net position, end of period	<u><u>\$ 87,587,316</u></u>

The accompanying notes are an integral part of these statements.

CONSOLIDATED STATEMENT OF BUDGETARY RESOURCES
For the Year Ended September 30, 1999

	<u>(Thousands)</u>
BUDGETARY RESOURCES (Note 18)	
Budget authority	\$ 42,315,163
Unobligated balances, beginning	72,188,395
Transfers of prior year authority	(5,366)
Spending authority from offsetting collections	1,970,929
Adjustments	<u>164,790</u>
Total budgetary resources	<u><u>\$ 116,633,911</u></u>
 STATUS OF BUDGETARY RESOURCES	
Obligations incurred (Note 18)	\$ 36,964,273
Unobligated balances available	77,760,270
Unobligated balances not available	<u>1,909,368</u>
Total status of budgetary resources	<u><u>\$ 116,633,911</u></u>
 OUTLAYS (Note 18)	
Obligations incurred	\$ 36,964,273
Less spending authority from offsetting collections	(1,970,929)
Less recoveries of prior year obligations	(261,776)
Change in unfilled customer orders	1,144
Obligated balance, net, beginning	8,359,622
Less obligated balance, net, ending	<u>(9,704,993)</u>
Total outlays	<u><u>\$ 33,387,341</u></u>

The accompanying notes are an integral part of these statements.

CONSOLIDATED STATEMENT OF FINANCING
For the Year Ended September 30, 1999

	<u>(Thousands)</u>
OBLIGATIONS AND NON-BUDGETARY RESOURCES	
Obligations incurred	\$ 36,964,273
Less spending authority from offsetting collections	(1,970,929)
Recoveries of prior year obligations	(261,776)
Financing imputed for cost subsidies	78,793
Transfers, net	12,461
Exchange revenue not in budget	(56,870)
Trust fund exchange revenue	<u>(404,876)</u>
Total obligations as adjusted and non-budgetary resources	<u>34,361,076</u>
RESOURCES NOT FUNDING NET COST OF OPERATIONS	
Change in amount of goods, services and benefits ordered but not yet received or provided	(1,732,946)
Capitalized costs	(82,781)
Other	<u>(5,922)</u>
Total resources not funding net cost of operations	<u>(1,821,649)</u>
COSTS OF OPERATIONS NOT CONSUMING RESOURCES	
Depreciation and amortization	37,608
Revaluation of assets and liabilities	204,329
Benefit overpayments	(227,188)
Other	<u>704</u>
Total costs of operations not consuming resources	<u>15,453</u>
Net cost of operations	<u><u>\$ 32,554,880</u></u>

The accompanying notes are an integral part of these statements.

CONSOLIDATED STATEMENT OF CUSTODIAL ACTIVITY
For the Year Ended September 30, 1999

	<u>(Thousands)</u>
SOURCES OF CUSTODIAL REVENUE (Notes 1-T and 19)	
Cash collection of fines, penalties, assessments and related interest	\$ 124,255
Less refunds	<u>(12,482)</u>
Net cash collections	111,773
Increase in amounts to be collected	<u>6,346</u>
Total sources of custodial revenue	<u>118,119</u>
DISPOSITION OF CUSTODIAL REVENUE (Note 1-T)	
Net transfers to U.S. Treasury general fund	111,773
Increase in amounts to be transferred	<u>6,346</u>
Total disposition of custodial revenue	<u>118,119</u>
Net custodial activity	<u>\$ -</u>

The accompanying notes are an integral part of these statements.

